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SUBJECT: SOMALIA - Business Community Pledges to Support Youth and the TFG

11. (U) SUMMARY. On March 21-22, more than 80 prominent Somali business leaders gathered in Djibouti for the UN-sponsored workshop, "Job Opportunities and Youth Employment: The Role of the Business Community." The two day session was the largest formal gathering of Somalia's private-sector principals in recent memory and included some of the most influential businesspeople operating in Somalia. Participants came from across Somalia, Dubai, Nairobi, Uganda, and South Africa. They agreed that a prerequisite to generating jobs was greater security and a strong federal government. The business leaders committed to support immediate, short-term labor projects to improve public infrastructure and to sponsor skills training and development. With representatives of Somalia's Transitional Federal Government (TFG) present, the businessmen urged the government to establish an economic policy and regulatory framework that includes formal incentives for job creation and a transparent banking and finance system to attract foreign direct investment. The participants agreed on a 24-person steering committee to carry forward the workshop recommendations and to develop concrete proposals to engage in particular Somalia's disaffected youth. The workshop communique included in paragraph 12. End summary.

Launching a Collective
Strategy To Reclaim
Somalia's Youth

12. (SBU) On March 21-22, more than 80 representatives from many of Somalia's largest companies met in Djibouti for the workshop, "Job Opportunities and Youth Employment: The Role of the Business Community." Sponsored by the UN Political Office for Somalia (UNPOS), the two-day session was the largest formal gathering of Somalia's private sector principals in recent memory. They traveled from Mogadishu, Somaliland, Puntland, Dubai, Nairobi, Uganda, and South Africa and were joined by at least 15 Djibouti-based businessmen, many of whom are members of the Somalia Business and Investment Council. The Somalia Affairs Unit worked closely with UNPOS in structuring the workshop, identifying participants, and ensuring that focus on the private sector was within the larger framework of the Djibouti peace process.

13. (SBU) Deputy Special Representative of the UN Secretary General for Somalia Charles Petrie opened the workshop on March 21 describing the meeting as an informal gathering to reflect and brainstorm on the role of the business community to bring jobs to Somalia's disaffected youth. The Minister of Youth and Sports

Suleiman Olad Roble told the group that while security in Mogadishu is improving daily, youth have few opportunities and the government has no resources to offer them. He invited the business leaders to work in partnership with the government to provide youth another option than becoming "guns for hire." In the conference closing remarks, Minister of Trade Abdirachid Mohamed Abdi echoed many of the same sentiments.

Immediate Needs: Security
and a Strong Government

¶4. (SBU) Answering the question, "What does business need to create jobs?" in small-group sessions, each of the groups highlighted the importance of a functioning government that can deliver services, a low tax regime with little room for manipulation, and curbs on corruption. The participants agreed that security and a strong federal government were prerequisites to generating jobs. Each recognized that unemployed youth are one of the greatest security risks, and that only a small percentage of this population has marketable skills. They committed to support skills training and labor projects to rebuild the Mogadishu's infrastructure.

¶5. (SBU) The conversation advanced the idea of establishing private security forces, following the example of the Bakara Market business associations who have successfully "professionalized" security around the market. Some were willing to finance local security forces in particular areas. On the margins of the meeting, we floated the idea of the private sector supporting Somalia's Joint Security Forces. Some of the businessmen were keen to support this idea while others felt it was more important to support

NAIROBI 00000646 002 OF 003

community-based models that they felt would be more sustainable in the long term. We responded that security must be a primary focus at both the federal and the local levels concurrently.

¶6. (SBU) In the short term, the participants committed to show the business community is collectively addressing common goals - peace and stability in Somalia. The business leaders liked the suggestion to host promotional activities to support the theme "Employment for Peace." They agreed to explore how to positively promote Somali business through an "Invest in Somalia" campaign, targeting the Diaspora and building awareness of opportunities and methods to invest directly or indirectly. In the longer term they sought to proactively market Somali products through trade promotion in global markets.

Creating Employment
Opportunities

¶7. (SBU) The businessmen wanted to do their patriotic duty by employing youth, but recognized that a key to their commercial success has been to employ the fewest number of people possible in order to maximize profits. They expressed interest in taking on labor intensive government public works projects. They mooted the possibility of renovating or constructing markets, workshops and offices to jump-start the informal sector and small businesses. They agreed to support new entrepreneurs through business training and providing micro-credit loans. Many noted that youth would likely lack basic education and may need to begin with literacy and numeracy training. They asked for ILO to survey the labor market to define skills gaps.

¶8. (SBU) In the medium term, they pledged to push vocational education, to equip training centers and to use local contractors and schools to deliver and certify skill acquisition. Recognizing that many of the youth may have been involved in armed militias, they agreed that any plan must link with a DDR framework and offer income alternatives to ex-militia. They supported the idea that completion of a training course could be used as "collateral" for micro-credit. One of the female entrepreneurs underlined the critical work needed in attitude and behavioral change to re-establish social norms, re-emphasizing the traditional value of constructive work. Making a commitment to use Somalia-based

organizations for these types of activities would generate its own set of employment opportunities, she noted.

Enhancing Policy and Regulatory Frameworks -----

¶9. (SBU) The representatives often returned to the theme of creating an enabling environment with mutual responsibilities by the government and private sector. But in the current absence of any formal government regulations, the business leaders agreed that self-regulation is critical to ensure that good business practices are cultivated and promulgated, including respect for worker rights and ensuring transparent contractual procedures. They wanted to work with the government to help establish standards and creating public bodies for arbitration of disputes, moving Somalia toward international rules, regulations and standards.

¶10. (SBU) The business leaders discussed their plans to eventually transition the existing national chamber of commerce from politically- to business community-appointed leadership. In the longer term they recognized the importance of integrating Somalia into regional and global trade bodies. They called on the UN and World Bank to assist the government with international frameworks to facilitate trade and development. Additional priorities included developing a transparent central banking and finance system, establishing export guarantees, supporting investment promotion, and harnessing bilateral aid and development funds to help attract foreign direct investment.

Promote Positive Engagement:
Establish a Steering Committee

NAIROBI 00000646 003 OF 003

¶11. (SBU) Rebuffing a plan by the meeting's most influential participants to name a small steering committee, the meeting agreed to a 24-member multi-regional, multi-sectoral, mixed-gender steering committee. The committee pledged to meet again within thirty days and prepare specific proposals they could present to the larger group. Participants also promised in the immediate term to do what they could to support President Sharif and his government to stabilize the country, and noted that many have already provided direct material support to the TFG in the form of cash, transportation, and lodging for MPs and cabinet members in Mogadishu. The Somalia Affairs Unit will remain engaged with this group and will assist UNPOS in planning a strategy to help support their stated priorities to create employment and facilitate the enabling environment for investment.

Communique

¶12. (U) At the conclusion of the workshop, UNPOS released the following communique:

¶1. In the spirit of the Djibouti Agreement, the Somali Business Community (SBC) held a workshop in Djibouti from 21 to 22 March 2009 to brainstorm on ways in which it could assist in creating job opportunities and employment for the youth. The SBC based in Somalia, Djibouti, Dubai, Kenya, South Africa and Uganda, as well as youth and women's associations attended the workshop. In that context, the delegates:

a) recognized that creating decent work for the people of Somalia, particularly the youth, is a high priority for the achievement and consolidation of peace and reconciliation.

b) discussed the challenges and constraints encountered in the development of entrepreneurship, and made constructive proposals for creating an environment that is conducive to job-creation and youth employment.

c) exchanged experiences on the role members of the business community play in their respective geographical areas.

d) agreed to establish a follow-up committee to design and implement a strategy that would lead to the development of entrepreneurship. The committee, which is composed of representatives from the Somali Business Councils, Women and Youth Associations and the United Nations, will be responsible for, inter-alia:

- developing and implementing Job Opportunities and Youth Employment strategy;
- proposing project documents focusing on the development of youth employment;
- mobilizing, monitoring and managing available resources allocated to the implementation of the youth employment strategy; and,
- assisting with the development of capacity building institutions.

12. As a gesture of support to the Somali peace process and commitment to job-creation, the SBC decided to support short term youth employment and requested the Steering Committee to provide within 30 days concrete projects to be funded.

13. The United Nations Political Office for Somalia (UNPOS) organized and supported this meeting with the facilitation from the International Labour Organization (ILO) and UNDP.

Djibouti, 22 March 2009

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RANNEBERGER